

**CALIFORNIA WORKFORCE INVESTMENT BOARD
PERFORMANCE BASED ACCOUNTABILITY COMMITTEE**

April 25, 2002

**Radisson Hotel
500 Leisure Lane
Sacramento, California**

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DRAFT MEETING SUMMARY

On April 25, 2002, the Performance Based Accountability Committee of the California Workforce Investment Board convened at the Radisson Hotel, Sacramento, California. The following persons were in attendance:

COMMITTEE MEMBERS

ELVIN MOON, Vice Chair
MICHAEL KRISMAN
ED KING
VICTORIA MORROW
SUZANNE NOBLES
LUCIANA PROFACA
RON SELGE

STAFF

PAUL GUSSMAN, Deputy Director
DEB CUSIMANO
MEGAN JURING
BEVERLY ODOM
PAT SHERARD
KENNETH SMITH

Welcome and Opening Remarks

Vice Chair Elvin Moon called the meeting to order at 10:00 a.m. and welcomed committee members, staff, and guests. Participants introduced themselves and identified their affiliations.

Deputy Director Paul Gussman noted the staff is in the process of drafting a strategic plan based on the work done by the California Workforce Investment Board at its February retreat. He suggested thinking of the strategic plan as an investment plan as well, and looking at performance measures in terms of return on investment.

Mr. Gussman said the Board's Small Business Work Group sponsored seminars in Fresno and Long Beach to meet with small business owners and facilitate interaction with local one-stop centers. He noted employers expressed an interest in linking with CalWIB to make better connections with educational institutions, K-12 schools, community colleges, ROP and adult ed program, as well as with organizations that provide services and training to employees.

Mr. Gussman invited Ms. Megan Juring to provide a brief summary of the activities involving farmworkers. Ms. Juring said the Board's Farmworker Work Group and the Department of Labor are co-sponsoring a series of workshops to solicit local community stakeholder input into issues of workforce preparation and development for farmworkers. The first Farmworkers Forum was held in Visalia on April 23, and

additional sessions are scheduled throughout the state during the month of June.

Ms. Juring reported the Board's Veterans Work Group held its first meeting of direct service providers and veterans advocates to discuss WIA activities, performance measures, access to services, and local board participation.

Mr. Gussman said the Board formed another group to focus on local areas, compliance, and other issues. He noted the State Youth Council recently held its second meeting. Mr. Gussman commented the Board has a number of groups working on important policy issues that have a direct connection to accountability.

Mr. Gussman reported that he and Mr. Michael Krisman have been participating in a group discussing the new Labor and Workforce Development Agency, and he asked Mr. Krisman to provide an update. Mr. Krisman explained that the Governor vetoed a bill last year to create a new labor agency and indicated he intended to consider using his executive powers to establish an agency. The Governor then submitted a proposal to the Little Hoover Commission, and after holding public hearings, that entity will be releasing a report with a recommendation in the near future. Mr. Krisman added that if the plan is not rejected, it will go into effect on July 1, 2002.

Mr. Krisman said the proposal calls for a new Labor and Workforce Agency composed of the Department of Industrial Relations, the Employment Development Department, Agricultural Labor Relations Board, and California Workforce Investment Board. It is hoped that consolidating these agencies will bring related functions together and improve coordination of services and programs.

Ms. Victoria Morrow commented that the May budget revise may contain some recommendations pertaining to the establishment of the new agency.

Mr. Moon asked for clarification as to why the Governor vetoed the bill last year. Mr. Gussman responded that Governor Davis said he wanted more time to analyze the matter and seek input from the Department of Industrial Relations. He noted there is also a bill pending in the Legislature that would officially establish the agency.

Approval of December 13, 2001 PBA Meeting Minutes

Committee members made no changes to the minutes of the December 13, 2001 meeting. A motion was made and seconded to approve the minutes as presented, and the motion was carried unanimously.

Fourth Annual PBA Report - New Format Approval

Ms. Pat Sherard discussed the Board's latest improvements to the format of the Fourth Annual PBA report. She said the report will include an executive summary, overview chapter, program chapters, standard tables, and general information. She drew attention to the materials in the agenda packet for more details.

Ms. Sherard reviewed the separate tri-fold formatted executive summary. Ms. Juring noted the individual program chapters will have more customized accountings of the program outcomes.

Mr. Gussman commented that larger print would be helpful. He added he has

emphasized with staff the importance of making the language clear and accessible for large groups of people.

Mr. Moon asked if the demographic information includes race and gender. Ms. Sherard said information on demographic characteristics is available at the office. Mr. Moon suggested including a summary in the report.

Dr. Luciana Profaca recommended making the report available in alternative formats such as Braille. Ms. Juring said the staff will be working with the Department of Rehabilitation to determine the most useful formats. She added they will also discuss improving accessibility of the Website format.

Mr. Krisman asked how the report will identify “standards necessary to meet the needs of employers for educated and trained workers.” Ms. Juring noted the committee has not yet identified standards, but the next agenda item addresses that task. She said staff intends to contact local researchers that use performance-based accountability data to assess whether local outcomes are meeting the needs of employers. She added the language in the draft executive summary will be revised and clarified.

Mr. Moon asked if the staff follows up to make sure agencies use the information. Ms. Juring noted another agenda item deals with this issue. She said staff will be working closely with partner program to identify their needs and find ways the system can better meet their needs. Mr. Gussman added the Board has extensive anecdotal data, but no systemic analysis has been conducted to determine how the information is used. Ms. Juring noted the staff is working with an intern from the Employment Training Panel to provide data for specific programs at community colleges, Cal WORKs, and the Employment Training Panel. Mr. Moon suggested looking at a more focused follow-up.

Ms. Morrow asked who would do the analysis of data. Mr. Gussman responded that the staff will work with the PBA Technical Assistance Work Team to further refine the analyses.

Criteria/Methodology to Establish PBA Standards

Ms. Juring introduced Ms. Jean Ross, Executive Director, California Budget Project, and Mr. Tse Ming Tam, National Economic Development and Law Center, to discuss self-sufficiency standards, local economies, and local employment issues as a background for developing a methodology for establishing standards.

Mr. Tam discussed the self-sufficiency standard developed by the National Economic Development and Law Center. He explained the self-sufficiency standard is used to determine the level the amount of income needed to pay for the costs of living without any form of public assistance. He noted the federal government uses a standard based on food consumption alone to determine poverty level and eligibility for public services. Mr. Tam said the self-sufficiency standard, on the other hand, takes into consideration the costs of food, housing, childcare, transportation, healthcare, taxes, and demographic differences.

Mr. Tam said the self-sufficiency standard is currently being used by the California Department of Social Services to determine eligibility criteria in local welfare departments. The standard is also used as a case management and counseling tool.

Mr. Tam noted the Assembly Health and Human Services only a few days earlier approved AB 2586, a bill to extend the amount of time for a Cal WORKS participant to take courses at community colleges and receive other training leading to self-sufficiency. In addition, he noted, some local areas like Santa Cruz, Pasadena, Sacramento, and Bay Area communities have adopted the self-sufficiency standard for their own programs; Alameda County is using the standard to design its post-employment service system. Mr. Tam said the self-sufficiency standard is being used in 23 states and a number of major cities nationwide. He added the self-sufficiency standard is useful for a wide range of purposes, including client case management, wage adequacy, benefit counseling, and long- and short-term career planning.

In terms of possible uses for the PBA Committee, Mr. Tam noted the self-sufficiency standard can help establish a framework for evaluating data about wage gain, enrollment, and retention. He proposed that the PBA Committee use the self-sufficiency standard as a benchmark for assessing which programs are moving individuals toward that goal.

Mr. Tam recommended conducting a baseline study the first year to identify people's current earnings against self-sufficiency standards, and then establishing benchmarks the second year for guiding future progress.

Ms. Ross provided an overview of employment trends in California. She noted that the occupations with the highest predicted job growth in California are those that pay less than \$10 per hour and require short- or moderate-term training. Although median incomes rose during the recent economic expansion, the number of working poor increased. Ms. Ross pointed out that income earnings increased overall in recent years, but people actually earned less per hour. She noted her written report provides more details about job growth by county.

Ms. Ross said the California Budget Project developed a standard for determining the income levels needed for a basic family budget. The budget takes into account regional labor market conditions, cost-of-living costs, and household types. Ms. Ross noted typical housing costs vary considerably by region, as do costs for childcare, health care, and other basic services.

In terms of workforce investment implications, Ms. Ross noted scarce public dollars should be spent in the best way to provide an incentive to boost job growth in California, especially for higher-wage jobs. Ms. Ross encouraged the PBA Committee to set a high standard to target programs to jobs that effectively move people into employment they can retain. She suggested focusing investment on programs that produce relative increases in earnings, earnings that prepare workers to earn a living wage and retain employment. Ms. Ross noted vocational training might be a more productive focus than education.

As a historical reference, Ms. Ross said the California Industrial Welfare Commission developed a self-sufficiency standard or basic budget in the late 1950's as a way of setting the minimum wage. Since that time, self-sufficiency has been used as a standard for assessing the adequacy of the minimum wage. She again encouraged the PBA Committee to set high standards and worthwhile goals.

Mr. Moon recommended incorporating factors such as gender, ethnicity, and disabilities in the self-sufficiency formula. Ms. Juring noted that once the PBA Committee establishes standards, the staff will be able to track information by industry and individual characteristics. Ms. Ross said the Cal WORKS and the community colleges have made good use of demographic data in targeting their programs.

Mr. Moon asked about the effects of the September 11 terrorist attacks on the labor market. Ms. Ross said California's recession started earlier, with the downturn in the high-tech industry. She acknowledged September 11 had some impact and will make it more difficult for people trying to enter the workforce.

Mr. Gussman observed the Department of Rehabilitation's emphasis is shifting from entitlement to inclusion, and there is increasing interest on keeping people employed. Mr. Tam said the self-sufficiency standard has actually been the impetus for discussions around the concept of inclusion. As an example, he noted, Delaware County, Pennsylvania, has used the self-sufficiency standard to create a "human resource package" that describes services and programs for which participants may be eligible.

Ms. Morrow asked Ms. Ross to elaborate on her remark about vocational training versus education. Ms. Ross clarified that education is still the best route to high-paying jobs; she added that many employers use education rather than skills as a way of screening prospective employees.

Ms. Morrow questioned how the self-sufficiency standards can be used by the California Workforce Investment Board. Mr. Gussman responded that the staff would like an opportunity to research the concept and look at what other states have done. He noted the Board has authority to institute a new performance measure if it chooses.

Mr. Krisman questioned the Board's authority to issue new regulations. He noted WIA authorizes use of self-sufficiency standards, but only for incumbent workers. Mr. Krisman recommended a legal analysis to determine if the PBA Committee, under SB 645, has authority to adopt new standards. He asked for input from staff and service providers as to the impacts of the new standards on existing programs and standards. He pointed out that a uniform standard may not be appropriate for all programs, especially those serving populations with special needs. Mr. Krisman said he would welcome information from programs that are using self-sufficiency standards now.

Mr. Gussman clarified that the self-sufficiency standards themselves are not necessarily measures, but possibly goals toward which progress is measured.

Ms. Suzanne Nobles said the California Department of Social Services sent information on the self-sufficiency standards to local county welfare offices, and some offices are using the standards as a case management tool. Ms. Nobles expressed concern about using some standard other than the national poverty level, which is readily understood and accepted by researchers. She noted the standard also needs to take into consideration the incremental steps in obtaining a job, working and moving up, and developing a career. Ms. Nobles also questioned the administrative complexity of having 58 different self-sufficiency standards in California.

Dr. Profaca asked how the standards would impact individuals with special needs and

the costs associated with those special needs in terms of achieving self-sufficiency.

Ms. Juring noted that at the December meeting, the PBA Committee agreed that the standards should take into account regional differences in costs and earnings as well as different target populations. She said the two examples discussed at this meeting were the beginning steps in the process of developing standards.

Ms. Juring said she would provide committee members with the section of the Unemployment Insurance Code regarding setting standards. She said the committee also looked at the conventional standards of the poverty line for three-person families, the minimum wage, and the average manufacturing wage.

Committee members concurred they would like more information from local areas using self-sufficiency standards in their workforce investment activities.

Mr. Krisman recommended holding a public hearing in the future to solicit more input.

Mr. Moon invited two audience members to speak on this issue.

Mr. Richard Morales, Director of Sector Development, Farm Workers Institute for Education and Leadership Development, expressed support for a performance-based accountability system with locally-defined criteria that recognize specific industries. He noted this is especially important for the agricultural industry in southern San Joaquin County. Mr. Morales thanked the California Workforce Investment Board for initiating its farmworker forums as a way of identifying agricultural employment needs.

Mr. Morales cautioned that efforts should not be focused on retraining agricultural workers to work in other industries. He recommended training within agriculture to develop a highly skilled and more competitive workforce. He noted EDD recently released a document indicating migrant seasonal farm workers are not automatically excluded from Title 1-B dislocated worker funding. Mr. Morales expressed appreciation to Mr. Steve Malliaras, Department of Labor, for this effort and offered to share data with interested agencies.

Ms. Mahnoush Harirsaz, Accounting Supervisor, Metropolitan Education District, explained that her district oversees a ROP and adult ed program. She reported that she collected and submitted PBA data to the state, but when the state report was released, it showed her district served only 700 people instead of 9,000 people. She noted the discrepancies were caused by limiting the count only to those people who signed a consent form. Ms. Harirsaz said she was bringing this issue to the committee's attention so the state would be aware the numbers were not accurate.

Mr. Moon thanked Mr. Morales for his remarks. He asked the staff to meet with Ms. Harirsaz later to follow up on her concerns.

Mr. Gussman said the staff will be looking at the content of the standards as well as the process of marketing the standards to the service providers.

Lunch Program - TANF Reauthorization Presentation

At 12:00 noon, the meeting was recessed for lunch.

During lunch, Ms. Nobles provided an overview of current activities at the state and federal level with respect to the reauthorization of the Temporary Assistance to Needy Families Reauthorization (TANF). She said the Department of Social Services is closely watching the progress of a number of federal bills. Ms. Nobles noted major aspects of President Bush's proposal include a change in participation hours, up to a 40-hour workweek to be eligible for benefits. Of the 40 hours, 24 are to be spent in direct work activities, and 16 in other activities such as education, training, and counseling. The Bush proposal also contains an engagement requirement, or a self-sufficiency plan for each family. Ms. Nobles added the state is still looking at the possible implications of this proposal and others on California's programs.

Mr. Gussman asked about the Bush proposal's "superwaiver" provisions. Ms. Nobles said the Department of Social Service's interest so far has been primarily on the participation requirements. Mr. Gussman noted he would try to find more information for committee members.

New PBA System Progress Report

Mr. Kenneth Smith reported on the progress of the feasibility study on the redesign of the performance-based accountability system. He drew attention to the materials starting on Page 15 of the agenda packet. Mr. Smith said all components of the feasibility study have been completed, except the Information Technology Procurement Plan, part of a new process being implemented by the Department of General Services as of January, 2002. He noted the new process requires interviewing vendors and conducting market research analysis before the selection of a vendor.

Mr. Smith said the new IT procurement requirement has to be merged into the feasibility study. He noted the feasibility study is looking at data warehousing technology, so the staff has been working to refine details of the proposal to comply with the new procurement requirements.

Mr. Smith discussed how the data warehousing technology can be used to process information, share data among various users, manipulate data, and prepare customized reports. He noted the meeting packet contains information on market research and prospective vendors. Selected vendors will be asked to provide cost estimates for meeting all specifications. Mr. Smith said vendors must have the ability to partner with groups that have researchers familiar with educational data; he emphasized experience with education research and data is critical to an accurate analysis.

Dr. Profaca asked how confidentiality and privacy issues will be addressed. Ms. Juring responded that confidentiality and privacy are currently handled through interagency agreements with each program.

Workforce Investment Act (WIA) Performance Update

Ms. Deb Cusimano noted that at the December meeting, the PBA Committee asked about the reasons for California's poor performance on credential and diploma rates, and the staff explained discrepancies in the measuring methodologies and time periods. She reported that more recent data shows a significant improvement in youth diploma rates for the year 2000, and credential rates for adult, dislocated workers, and youth for the second quarter of 2001 have also improved. She noted if these updated figures had

been used in the 2000 annual report, California would have exceeded its targeted goals in these areas. Ms. Cusimano said an addendum to the annual report will be sent to all recipients so they are aware of the latest information.

Mr. Todd Yamamoto, Department of Labor, San Francisco Regional Office, provided an update regarding the latest developments in terms of reporting and measuring labor exchange services and services to veterans. He noted the changes reflect the increased emphasis on coordinating services and measuring performance. Mr. Yamamoto said the Wagner-Peyser Act of 1933 contained no performance measures, but the new amendments and the WIA tie the labor exchange, vets, and WIA adult services together.

Mr. Yamamoto said the Wagner-Peyser Act amendments create performance measures, a reporting system, and performance goals. He noted the new labor exchange measures cover employment rate, retention rate, job seeker and employer customer satisfaction; the measures for veterans are employment rate, retention rate, and an entered employment rate following receipt of services. Mr. Yamamoto pointed out the Wagner-Peyser amendments and the WIA measures both look at employment and retention outcomes, and both programs rely on UI wage record information.

Mr. Yamamoto reviewed key implementation milestones for the new labor exchange and veterans measures. He provided directions to resources on the Web and offered to answer committee questions.

Mr. Krisman asked about the status of the proposal to move the veterans program from the Department of Labor to the Department of Veterans Affairs. Mr. Yamamoto responded that he had no information to report on the proposed move. He added the transfer would not affect implementation of the new veterans performance measures.

Mr. Gussman said the Board has been hearing stories of businesses going bankrupt, leaving employees behind without transferable skills. He asked how transferable skills are addressed in the performance measures. Mr. Yamamoto acknowledged that transferable skills were important, but he said DOL was moving forward one step at a time, and the labor exchange and veterans performance measures represent the first part of an ongoing process.

Further Business

Ms. Juring distributed copies of Unemployment Insurance Code Section 15037.1, pertaining to the development of performance standards. She noted there was public testimony earlier about considering industry and local area factors as well. Ms. Juring said she would contact committee members individually for their input before the next meeting.

Next Meeting

Committee members agreed to hold the next meeting in Los Angeles in June or July. Mr. Moon requested the staff to poll members as to their availability and then notify everyone of the actual date.

Adjournment

Mr. Moon thanked committee members, staff, and audience members for their

participation.

There being no further business, Mr. King made a motion, seconded by Mr. Krisman, that the meeting be adjourned. The meeting was adjourned at 1:30 p.m.